

M-04-11, Service Organization Audits



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON D.C. 20503

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MEMORANDUM FOR CHIEF FINANCIAL OFFICERS & INSPECTORS GENERAL

FROM: Linda M. Springer
Controller

A handwritten signature in black ink, appearing to read "LMS", written over a light gray rectangular background.

Subject: Service Organization Audits

As an increasing number of agencies enter into service arrangements with other entities, it is important that assurance of internal control over procedures and processes supporting those services be obtained. Service providers must provide client agencies with an independent audit report in accordance with Statement of Auditing Standards 70 for the client's independent auditor to rely upon in conducting their audit.

Agencies that are providers of such services, such as payroll administration, must engage an external auditor to perform this audit work and make that report available to its clients. This activity is typically added to the scope of the independent auditor's financial statement engagement.

Please review this requirement with your agency to ensure compliance.